29 August 2012

Queenco Leisure International Ltd.
(The “Group” or “QLI”),

Financial Results for the 6 months ended 30 June 2012

Queenco Leisure International Ltd., the emerging markets casino developer and operator, is pleased to report its financial results for the 6 months ended 30 June 2012.

Operating and Business Highlights

- Greek economic crisis has been prolonged although a new government was elected in June 2012:
    - The uncertainty further exacerbates trading at Loutraki and Rodos
    - A lower minimum wage and renegotiation of employees’ collective benefit agreements, may contribute to the Group's cost reduction scheme
- The Group has ended its involvement in Casino Palace following the dilution of its holdings in the Romanian asset and subsequent insolvency:
    - The dilution formed part of the Group’s decision to strategically move away from Europe, towards South East Asia where the opportunities remain more lucrative
- Group strategy to diverse revenue mix is progressing:
    - Queenco Casino in Sihanoukville, Cambodia soft launched during the period, giving us a strong platform for the future
    - Exploring online gaming in areas where the Group already operates continues to progress well
    - Developments in future South East Asia projects forms part of our long term strategy
- The Tender Offer by Y.Z. Queenco Ltd. for newly issued shares in Y.Z. Queenco Ltd. listed on TASE did not enjoy enough support from the shareholders, but the Board continues to explore other options to increase liquidity and return greater value to our shareholders
- Up until and including the Company's 2011 financial statements, CHL was proportionally consolidated in the Company's consolidated financial information, by virtue of it being controlled by a chain of companies, in which the Company has a joint interest, in accordance with IAS 31 – Interests in Joint Ventures.
  As a result of the above mentioned above, an exceptional situation has been created, in which, the Company has the power to express its joint control in the holding companies, up until, and including PB Spain, while the Company's joint control in CHL has ceased. Therefore, the Company's share in CHL can no longer to be proportionally consolidated from the moment control ceased and meats to be presented under the Equity Method as prescribed in IAS 28 – Investments in Associates. In fact, the loss of joint control in CHL, is derived by the Company's inability to express its portion in PB Spain's control over CHL, therefore, from the Company's point of view, PB Spain has lost its control over CHL.
  For convenience, the proportional consolidation of CHL was ceased on 31 March, 2012 (hereinafter – "the loss of control date"). In accordance, the Company's consolidated statements of comprehensive income (loss) include the proportionally consolidated profit and loss of CHL for the three months ended 31 March, 2012. The Company's consolidated statements of financial position as at 31 March, 2012 include the investment in CHL under the equity method.

Financial Highlights for the six months ended 30 June 2012

- Gross revenues were €28.0 million (2011: €54.0 million)
- Net Revenues were €20.3 million (2011: €37.6 million)
- EBITDA was negative €6.5 million (2011: negative €4.0 million)
- Profit for the period was €15.7 million (2011: Loss of €14.2 million)
- Cash and cash equivalents were €6.8 million as of 30 June 2012

Haim Assayag, Executive Chairman of QLI, commented on the results:

"We have witnessed some progress in Greece, which in the long term will hopefully allow Greece to turn a corner, but uncertainty remains as to the terms of the country's bailout conditions, which continues to create uncertainty and prevent Loutraki and Rodos from generating strong returns. The reduction in the minimum wage and renegotiation of employees' collective benefit agreements is allowing us to reduce the cost base, and to a degree we are able to lower headcount, but more needs to be done.

"Following the dilution of our holdings in Casino Palace, Romania, the casino has been liquidated, allowing us to reduce the losses we have incurred, but principally shift our strategic focus towards South East Asia and away from Europe. The opening of Queenco Casino and Hotel in Sihanoukville, Cambodia, has shown some very promising signs and we remain excited by what we can achieve in Asia in the future.

"Despite the decision to cancel the Tender Offer from Y.Z. Queenco we will continue to explore ways of increasing liquidity and generating returns for shareholders, as well as reduce the expense and complexity of operating two listed companies".

For further information please visit www.queenco.com or contact:

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Haim Assayag, Executive Chairman T: +972 (0)3 756 6555
Tal Taragan, CEO
Dovrat Dagan, CFO

Chief Executive's Review

Introduction

The Greek economic crisis has been prolonged by no firm decision from Government on the European bailout package, and this is creating yet further uncertainty in trading at Loutraki and Rodos. The Greek Government's decision to lower the National minimum wage is welcome and will alleviate some of the burden on costs throughout the Greek operations, in addition to the successful renegotiation of employees' collective benefit agreements. That said, the terms of the country's European bailout package have yet to be finalised and this is likely to prolong the situation further.

As we reported during the period, the Group ended its involvement in Casino Palace following the dilution of its holdings, and subsequently the operation has closed until further notice. The insolvency petition filed with the Romania court is currently pending the dilution formed part of the Group's decision to strategically move away from Europe towards South East Asia, in order to decrease the losses we had previously incurred. The strategy to diverse revenue mix remains on course having successfully soft launched Queenco Casino in Sihanoukville, Cambodia.

It was clear that the Tender Offer in which Y.Z. Queenco Ltd. had offered to exchange all of the issued and outstanding share capital of Queenco Leisure International, not already held by Y.Z. Queenco Ltd. or its wholly –owned subsidiary Shahar Hamillennium Limited, into newly issued ordinary shares in the parent company (Y.Z. Queenco Ltd.) listed on TASE was popular with the vast majority of investors, but did not enjoy enough support to receive the Tender Offer. As a result of the non-acceptance of the Tender Offer, the Board of Y.Z. Queenco Ltd. decided to explore other options to increase the liquidity of the shares and return greater value to our shareholders. We will keep updating our shareholders of our future plans to continue to increase liquidity of our shares and return greater value to our shareholders.

Summary of financial performance

Results for the six months ended 30 June 2012

Gross revenues were €28.0 million (2011: €54.0 million), a decrease of 48.2% whilst net revenues decreased by 46.1% to €20.3 million (2011: €37.6 million) a decrease of €17.3 million mainly due to non-consolidation of Loutraki results in the amount of €12.3 million for the 2011 2nd quarter . Revenues continue to be suppressed by the prolonged economic crisis in Greece where the Group generates 87% of its Gross revenue from its principal asset, Loutraki and Casino Rodos. The decrease in win per visit and number of visits is putting pressure on EBITDA which remains negative at €6.5 million (2011: negative €4.0 million). the company net profit during the period of €15.7 million (2011: Net Loss €14.2 million).

Cash and cash equivalents amounted to €6.8 million. The Company's management is of the opinion that the Company's have good chances of executing at least a major portion of its plans on a timely manner. Accordingly the Company's management is of the opinion that its existing cash and the expected inflow of cash through the successful execution of the above mentioned plans, will enable the Company to meet the needed cash levels required for the Group's operations and the payment of its obligations when due.

Basic profit per share was 4.8¢ (2011: Loss (3.6¢)) and profit per GDR (each GDR representing 10 ordinary shares) were 48¢ (2011: (3.6¢)).

Operational Review

Results by casino for the six months ended 30 June 2012 and 2011:

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Loutraki	56.9	74.4	39.2	49.7	(7.3)	(2.6)	384	464	135	154	38.5%
Rodos	8.7	11.8	6.0	8.1	(1.3)	(0.6)	63	68	135	169	91.6%
Belgrade	4.3	5.6	3.7	4.8	-	0.3	123	141	36	39	34.6%
Sasazu	-	-	2.3	2.1	0.2	(0.2)	25	24	44	43	100%
Cambodia	0.5	-	0.4	-	(0.3)	-	7	-	52	-	70%

Results by Casino for the three months ended 30 June 2012 and 2011

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EUR m)		EBITDA (EUR m)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Loutraki	26.5	33.2	18.4	22.3	(0.9)	(2.6)	181	209	137	151	38.5%
Rodos	4.7	6.9	3.3	4.7	(0.4)	0.3	35	38	129	178	91.6%
Belgrade	2.0	2.7	1.8	2.3	(0.4)	0.3	51	67	36	37	34.7%
Sasazu	-	-	1.2	1.0	0.1	(0.1)			44.0	43.0	100%
Cambodia	0.5	-	0.4	-	(0.3)	-	7	-	52	-	70%

Club Hotel Casino Loutraki ("CHL")

Results for the six months ended 30 June 2012

Gross gaming revenues for the six months ended 30 June 2012 were €56.9 million (2011: €74.4 million), while net revenues were €39.2 million (2011: €49.7 million). Over the course of the six month Casino Loutraki generated negative EBITDA of €7.3 million (2011: €2.6 million positive EBIDTA), reflecting the continued distress in the Greek economy which is putting pressure on customers' disposable income, visitor numbers and subsequently win per visit.

Until the situation in the Eurozone is resolved, the effects on our customers, as well as our business are likely to remain challenging.
Up until and including the Company's 2011 financial statements, CHL (including Casino Beograd results) was proportionally consolidated in the Company's consolidated financial information, by virtue of it being controlled by a chain of companies, in which the Company has a joint interest,
The Company's consolidated statements of comprehensive income (loss) include the proportionally consolidated profit and loss of CHL for the three months ended 31 March, 2012. The results for the 2nd quarter 2012 were presented in share of results of an associated company in the amount of (€2.4) million.

Casino Beograd

Results for the six months ended 30 June 2012

Gross gaming revenues for the six months ended 30 June 2012 were €4.3 million (2011: €5.6 million), whilst net revenues were €3.7 million (2011: €4.8 million). This decrease in revenues reflects the economic deterioration which is spreading throughout Europe and affecting other gaming markets including Serbia. Cost cutting measures have been implemented at Casino Beograd to improve efficiencies and to try and counteract the impact of the Eurozone crisis.

Casino Rodos

Results for the six months ended 30 June 2012

As would be expected, revenues at Casino Rodos, the only casino located on the holiday island of Rhodes, continue to be impacted by the uncertainty in the Eurozone and the pending Greek elections. Negative trading remains with gross gaming revenues at €8.7 million (2011: €11.8 million) and net revenues at €6.0 million (2011: €8.1 million) mainly due to a reduction in win per visit which is attributed to visitors' lower disposable income. EBITDA generated for the six month was negative at €1.3 million compared to a negative EBITDA of €0.6 million the previous period last year. Casino Rodos made a net loss during the period of €2.6 million (2011: loss of €1.4 million).

SaSaZu (Prague)

Results for the six months ended 30 June 2012

During the period, the gross revenue at SaSaZu increase by 11.2% generating €2.3 million (2011: €2.1million), but the Group is pleased to report a positive EBITDA of €0.2 million compared to negative EBITDA of €0.2 million reflecting the successful marketing initiative the Group has implemented. Due to the success of the concept in the Czech Republic, the Group planned to export the brand to other QLI operations, however due to the current economic climate in Europe, the Group is currently considering ways to implement the expansion.

Projects

During the period the Queenco Casino in Sihanoukville has gone through a soft launch and we are encouraged by the revenue generation is the Casino is currently creating for the Group. This further confirms our strategy to move away from European gaming markets and further explore the opportunities that South East Asia has to offer.

As previously reported the Group has decided not to enter new developments in Europe but will continue to explore online gaming opportunities in the countries where it operates.

Outlook

The Greek economy remains stagnant and Opportunities in Eastern Europe have also decreased since we first entered these markets, hence our decision to move away from European markets. We have begun to diversify our revenue mix in South East Asia with the opening of Queenco Casino in Sihanoukville and we will continue to explore opportunities there and in online gaming.

Tal Taragan
Chief Executive's, Queenco Leisure International Limited
29 August 2012

Interim condensed consolidated financial statements for

QUEENCO LEISURE INTERNATIONAL LTD

for the interim periods ended 30 June 2012

(Unaudited)

QUEENCO LEISURE INTERNATIONAL LTD

Interim condensed consolidated financial statements

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of comprehensive income (loss)
(In thousands of €)

	3 months ended 30 June		6 months ended 30 June		Year ended
	2 0 1 2	(*)2 0 1 1	2 0 1 2	(*)2 0 1 1	2 0 1 1
	unaudited	unaudited	unaudited	unaudited	
Revenues	4,952	18,191	20,285	37,640	75,322
Operating costs					
Cost of revenues	(4,255)	(14,646)	(19,653)	(31,353)	(58,890)
Selling and marketing expenses	(1,149)	(4,381)	(4,964)	(8,171)	(15,937)
General and administrative expenses	(1,766)	(4,392)	(5,333)	(8,493)	(15,331)
Other operating expenses	(779)	(1,690)	(1,578)	(1,701)	(2,851)
Share of results of an associated company	(2,429)	-	(2,429)	-	-
Profit on disposal of subsidiary (Note 7)	-	-	33,580	-	-
Operating profit (loss)	**(5,426)**	**(6,918)**	**19,908**	**(12,078)**	**(17,687)**
Investment income	32	17	66	145	343
Financing expenses	(483)	(456)	(1,019)	(943)	(2,096)
Foreign exchange gain (loss)	397	(246)	194	176	1,252
Profit (loss) before tax	**(5,480)**	**(7,603)**	**19,149**	**(12,700)**	**(18,188)**
Tax	45	491	124	812	1,024
Discontinued operations (*)	-	(871)	(3,597)	(2,347)	(6,054)
Profit (loss) for the period	**(5,435)**	**(7,983)**	**15,676**	**(14,235)**	**(23,218)**
Other comprehensive income (loss)					
Realization of translation reserve due to the disposal and deem disposal of subsidiaries (Notes 6 and 7)	-	-	11,107	-	-
Exchange differences arising on translation of foreign operations	442	(149)	(498)	(1,170)	(1,001)
Total comprehensive profit (loss) for the period	**(4,993)**	**(8,132)**	**26,285**	**(15,405)**	**(24,219)**
Profit (loss) for the period attributable to:					
Equity holders of the parent	(5,136)	(6,923)	17,044	(12,610)	(20,403)
Minority interest	(299)	(1,060)	(1,368)	(1,625)	(2,815)
	(5,435)	**(7,983)**	**15,676**	**(14,235)**	**(23,218)**
Total comprehensive profit (loss) for the period attributable to:					
Equity holders of the parent	(4,743)	(7,113)	27,758	(13,384)	(20,956)
Minority interest	(250)	(1,019)	(1,473)	(2,021)	(3,263)
	(4,993)	**(8,132)**	**26,285**	**(15,405)**	**(24,219)**
Profit (loss) per share					
Profit (loss) per share from continued operations (¢)	(1.5)	(1.8)	5.8	(2.9)	(4.3)
Loss per share from discontinued operations (¢)	-	(0.2)	(1.0)	(0.7)	(1.5)
	(1.5)	(2.0)	4.8	(3.6)	(5.8)

(*) See note 6

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of financial position
(In thousands of €)

	As at		
	30 June		31 December
	2012	2011	2011
	unaudited	unaudited	
Non-current assets			
Intangible assets	2,141	9,147	8,579
Property, plant and equipment	39,466	112,958	107,988
Investment property	-	361	-
Investment in an associated company (Note 7)	66,570	-	-
Deferred tax asset	1,051	3,655	3,280
Other long term receivables	6,389	6,986	7,369
Total non-current assets	115,617	133,107	127,216
Current assets			
Inventories	377	898	649
Investments	6	1,291	77
Trade and other receivables	2,055	5,230	3,906
Cash and cash equivalents	6,812	15,203	14,052
	9,250	22,622	18,684
Assets related to discontinued operations (*)	-	-	2,511
Non-current assets held for sale	3,078	3,078	3,078
Total current assets	12,328	25,700	24,273
Total assets	**127,945**	**158,807**	**151,489**
Current liabilities			
Accounts payable	(1,351)	(5,998)	(4,232)
Current tax liabilities	(1,767)	(4,730)	(2,599)
Other current liabilities	(7,817)	(18,163)	(18,412)
Short-term banks credit	(1,009)	(19,143)	(19,509)
	(11,944)	(48,034)	(44,752)
Liabilities related to discontinued operations (*)	-	-	(2,626)
Total current liabilities	(11,944)	(48,034)	(47,378)
Net current (liabilities) assets	**384**	**(22,334)**	**(23,105)**
Total assets less current liabilities	**116,001**	**110,773**	**104,111**
Non-current liabilities			
Long-term bank loans	(6,739)	(7,839)	(6,725)
Other long-term liabilities	(8,756)	(5,919)	(9,185)
Deferred tax	(96)	(2,019)	(1,679)
Provision for retirement benefits	(1,092)	(6,363)	(6,469)
Total non-current liabilities	(16,683)	(22,140)	(24,058)
Net assets	**99,318**	**88,633**	**80,053**

(*) Restated- see Note 6

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of financial position (cont.)
(In thousands of €)

	As at		
	30 June		31 December
	2 0 1 2	2 0 1 1	2 0 1 1
	unaudited	unaudited	
Shareholders' equity			
Share capital	62,530	62,530	62,530
Share premium	131,196	131,196	131,196
Translation reserve	13,192	2,257	2,478
Reserve for the waiver of options by as controlling shareholder	2,739	-	2,739
Other reserves	(14,319)	(14,080)	(14,080)
Accumulated deficit	(108,068)	(114,739)	(125,037)
Equity attributable to equity holders of the parent	87,270	67,164	59,826
Minority interest	12,048	21,469	20,227
Total equity	**99,318**	**88,633**	**80,053**

The financial statements were approved by the board of directors and authorised for issue on 29 August, 2012. They were signed on its behalf by:

Haim Asayag	**Tal Taragan**	**Dovrat Dagan**
Executive Chairman of the Board	Chief Executive Officer	Chief Finance Officer

29 August, 2012

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity
(In thousands of €)

	Share capital	Share premium	Translation reserve	Reserve for the waiver of share options by a controlling shareholder	Other reserves	Accumulated deficit	Parent	Minority interest	Total equity
For the six months ended 30 June 2012 (unaudited)									
Balance as at 1 January 2012	**62,530**	**131,196**	**2,478**	**2,739**	**(14,080)**	**(125,037)**	**59,826**	**20,227**	**80,053**
Translation differences	-	-	(393)	-	-	-	(393)	(105)	(498)
Expense resulting from grant of share options	-	-	-	-	-	(75)	(75)	-	(75)
Share issuance to minority shareholder	-	-	-	-	(239)	-	(239)	239	-
Deem disposal of interest in a jointly controlled entity (Note 7)	-	-	7,526	-	-	-	7,526	(6,882)	644
Disposal of interest in a subsidiary (Note 6)	-	-	3,581	-	-	-	3,581	323	3,904
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	-	(386)	(386)
Net profit for the period	-	-	-	-	-	17,044	17,044	(1,368)	15,676
Balance as at 30 June 2012	**62,530**	**131,196**	**13,192**	**2,739**	**(14,319)**	**(108,068)**	**87,270**	**12,048**	**99,318**
For the three months ended 30 June 2012 (unaudited)									
Balance as at 1 April 2012	**62,530**	**131,196**	**12,799**	**2,739**	**(14,080)**	**(102,932)**	**92,252**	**12,059**	**104,311**
Translation differences	-	-	393	-	-	-	393	49	442
Share issuance to minority shareholder	-	-	-	-	(239)	-	(239)	239	-
Net loss for the period	-	-	-	-	-	(5,136)	(5,136)	(299)	(5,435)
Balance as at 30 June 2012	**62,530**	**131,196**	**13,192**	**2,739**	**(14,319)**	**(108,068)**	**87,270**	**12,048**	**99,318**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity
(In thousands of €)

	Share capital	Share premium	Translation reserve	Other reserves	Accumulated deficit	Parent	Minority interest	Total equity
For the six months ended 30 June 2011 (unaudited)								
Balance as at 1 January 2011	**62,512**	**130,998**	**3,031**	**(14,080)**	**(101,973)**	**80,488**	**23,855**	**104,343**
Realization of share options	18	198	-	-	(216)	-	-	-
Translation differences	-	-	(774)	-	-	(774)	(396)	(1,170)
Expense resulting from grant of share options	-	-	-	-	60	60	-	60
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(365)	(365)
Net loss for the period	-	-	-	-	(12,610)	(12,610)	(1,625)	(14,235)
Balance as at 30 June 2011	**62,530**	**131,196**	**2,257**	**(14,080)**	**(114,739)**	**67,164**	**21,469**	**88,633**
For the three months ended 30 June 2011 (unaudited)								
Balance as at 1 April 2011	**62,530**	**131,196**	**2,447**	**(14,080)**	**(107,868)**	**74,225**	**22,488**	**96,713**
Translation differences	-	-	(190)	-	-	(190)	41	(149)
Expense resulting from grant of share options	-	-	-	-	52	52	-	52
Net loss for the period	-	-	-	-	(6,923)	(6,923)	(1,060)	(7,983)
Balance as at 30 June 2011	**62,530**	**131,196**	**2,257**	**(14,080)**	**(114,739)**	**67,164**	**21,469**	**88,633**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity (cont.)
(In thousands of €)

	Share capital	Share premium	Translation reserve	Reserve for the waiver of share options by a controlling shareholder	Other reserves	Accumulated deficit	Parent	Minority interest	Total equity
Balance as at 1 January 2011	**62,512**	**130,998**	**3,031**	**-**	**(14,080)**	**(101,973)**	**80,488**	**23,855**	**104,343**
Realization of share options	18	198	-	-	-	(216)	-	-	-
Translation differences	-	-	(553)	-	-	-	(553)	(448)	(1,001)
Expense resulting from grant of share options	-	-	-	-	-	294	294	-	294
Waiver of options by a controlling shareholder	-	-	-	2,739	-	(2,739)	-	-	-
Profit share due to the Municipality of Loutraki	-	-	-	-	-	-	-	(365)	(365)
Net loss for the year	-	-	-	-	-	(20,403)	(20,403)	(2,815)	(23,218)
Balance as at 31 December 2011	**62,530**	**131,196**	**2,478**	**2,739**	**(14,080)**	**(125,037)**	**59,826**	**20,227**	**80,053**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated cash flow statements
(In thousands of €)

	Notes	3 months ended 30 June 2012 unaudited	3 months ended 30 June 2011 unaudited	6 months ended 30 June 2012 unaudited	6 months ended 30 June 2011 unaudited	Year ended 31 December 2011
Net cash used in operating activities	**3**	**(1,408)**	**(964)**	**(2,696)**	**(4,055)**	**(2,142)**
Investing activities						
Interest received		32	13	66	147	350
Purchases of property, plant and equipment		(361)	(621)	(707)	(1,601)	(3,871)
Proceeds on sale of property, plant and equipment		27	6	27	53	107
Purchase of other intangible assets		(1)	-	(1)	(5)	(7)
Realisation of (purchases of) trading investments		(2)	30	71	701	1,887
Instalments for the acquisition of a subsidiary		(80)	-	(405)	-	(904)
Repayment of other long-term receivables		-	-	-	-	1,165
Disposal of interest in subsidiary (see note 7)		-	-	(5,729)	-	-
Disposal of interest in subsidiary (see note 6)		-	-	(586)	-	-
Decrease in deposits		-	-	-	-	(843)
Net cash used in investing activities		**(385)**	**(572)**	**(7,264)**	**(705)**	**(2,116)**
Financing activities						
Repayments of borrowings		-	-	-	-	(500)
Receipt of long term loan		1,779	-	2,828	3,656	3,656
Share of profits paid to Municipality of Loutraki		-	-	(386)	(365)	(365)
Increase in short term bank credit, net		-	111	-	1,111	977
Net cash from financing activities		**1,779**	**111**	**2,442**	**4,402**	**3,768**
Net decrease in cash and cash equivalents		(14)	(1,425)	(7,518)	(358)	(490)
Effect of foreign exchange rate changes		24	(275)	(308)	(748)	(1,181)
Cash and cash equivalents at beginning of period		6,802	16,903	14,638	16,309	16,309
Cash and cash equivalents at end of period		**6,812**	**15,203**	**6,812**	**15,203**	**14,638**
Cash and cash equivalents attributable to discontinued operations		-	-	-	-	(586)
Cash and cash equivalents at end of the period		**6,812**	**15,203**	**6,812**	**15,203**	**14,052**
Tax cash flow		(41)	(163)	(85)	(1,135)	(2,824)
Interest paid		(134)	(353)	(685)	(566)	(1,260)

NOTE 1 - BASIS OF PREPARATION

Queenco Leisure International Ltd (the "Company" or "QLI") was incorporated in Israel on September 9, 2002. The Company's main activity is investment, through Israeli and foreign companies (together, "the Group") in tourist projects, including casinos and hotels, currently mainly in Greece, Serbia, the Czech Republic and Cambodia. The activities in Greece are in the city of Loutraki and Rhodes Island. The activities in Serbia are in the city of Belgrade. The activities in the Czech Republic are in the city of Prague. The activities in Cambodia (a casino, a 60 room hotel and a restaurant) are in the city of Sihanoukville. The Company provides advisory services to a part of the projects. See note 6 regarding the disposal of the operations in Romania.

The Group's activities in the past years have been adversely affected by the global economic crisis in general and the economic crisis in Greece in particular. The abovementioned, along with the Company's inability to execute its rights in CHL due to disagreements with B.A.T. (see Note 9.1) and CAIH's unwillingness to withstand its contractual obligations to transfer Euro 49.5 million to PBS, have brought the Group to operating losses and negative cash flows from its continued operations, amounting, for the six months ended June 30, 2012, to approximately Euro 2.7 million, and resulting in a decrease in the Group's net working capital to an amount of Euro 384 thousand and the Company's net working capital to a negative amount of approximately Euro 1.2 million as at June 30, 2012.

The Company was not able to meet its original obligations to repay loans and credits received from Y.Z. Queenco and from a previous shareholder in Dasharta, from whom the Company purchased residual shares in said company in 2007. So far, the Company has succeeded in reaching understandings with Y.Z. Queenco and the abovementioned previous shareholder regarding a rescheduling of the repayment schedules such that they will coincide with the Company's payment abilities, and the Company's management is of the opinion that they will succeed in doing so in the future, if needed.

The Group is continuing in the implementation of the cost savings plans and is in the process of expanding their scope, mainly in Rhodes, due to the decrease in revenues caused by the economic situation. The Group is also in a process of realization of excess assets (the Company's airplane and properties in Bulgaria). In addition, the Company is examining alternatives of capital or debt raising, as well as options of bringing in strategic partners at different levels of activity.

The timing and scope of the success in the execution of some of these abovementioned actions depend on agreements with third parties and/or are affected by processes and other factors which are not under the Company's control. Nonetheless, the Company's management is of the opinion that the Company has good chances of executing at least a major portion of its plans in a timely manner. Accordingly, the Company's management is of the opinion that its existing cash and the expected inflow of cash through the successful execution of the above mentioned plans, will enable the Company to meet the needed cash levels required for its operations and the payment of obligations when due.

The unaudited Interim Condensed Consolidated Financial Statements ("Interim Consolidated Financial Statements") for the three and six month periods ended June 30 2012 have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" and on a basis consistent with the accounting policies set out in the Financial Statements for the year ended December 31 2011 published on the Company's website on April 5 2012 (the "2011 Financial Statements"). The Interim Consolidated Financial Statements should therefore be read in conjunction with the 2011 Financial Statements.

The Interim Consolidated Financial Statements for the three and six month periods ended June 30 2012, were approved by the Board of directors on August 29 2012. The information relating to the year ended December 31 2011 is an extract from the 2011 Financial Statements.

The preparation of the Interim Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(in thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the 2011 Financial Statements, as applicable (see notes 6 and 7).

At the date of authorisation of these financial statements, the following Amendments which have not been applied in these financial statements were in issue but not yet effective:

- Amendments to IAS 34 – Interim Financial Reporting
- Amendments to IAS 1(R) – Presentation of Financial Statements
- Amendments to IAS 16 – Property Plant and Equipment
- Amendments to IAS 32 – Financial Instruments: Presentation

The directors anticipate that the adoption of these Amendments in future periods will have no material impact on the financial statements of the Group.

NOTE 3 - NOTES TO THE CONSOLIDATED CASHFLOW STATEMENTS

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2012	2011	2012	2011	2011
	unaudited	unaudited	unaudited	unaudited	
Net profit (loss)	**(5,435)**	**(7,983)**	**15,676**	**(14,235)**	**(23,218)**
Adjustments for:					
Depreciation of property, plant and equipment	826	2,756	3,565	5,692	11,237
Increase (decrease) in provisions	(12)	260	5	526	520
Loss (gain) on sale of property, plant and equipment and disposals	779	(22)	779	15	19
Amortisation of intangible assets	3	225	194	567	984
Impairments	-	1,700	556	1,700	3,541
Investment income	(32)	(19)	(66)	(149)	(350)
Financing expenses	483	461	1,019	968	2,171
Gain on disposal of subsidiary	-	-	(33,580)	-	-
Loss on discontinued operation	-	-	3,597	-	-
Share of results of associated company	2,429	-	2,429	-	-
Foreign exchange loss (gain)	(397)	216	(194)	(160)	(1,536)
Share based payments	-	52	(75)	60	294
Operating cash flows before movements in working capital	**(1,356)**	**(2,354)**	**(6,095)**	**(5,016)**	**(6,338)**
Decrease (increase) in inventories	(75)	(16)	29	108	158
Decrease(increase) in receivables	81	397	(7)	312	182
Increase in payables	117	1,525	4,147	2,242	7,940
Cash generated by (used in) operations	**(1,233)**	**(448)**	**(1,926)**	**(2,354)**	**1,942**
Income taxes paid	(41)	(163)	(85)	(1,135)	(2,824)
Interest paid	(134)	(353)	(685)	(566)	(1,260)
Net cash from operating activities	**(1,408)**	**(964)**	**(2,696)**	**(4,055)**	**(2,142)**

(in thousands of € unless otherwise stated)

NOTE 4 - INCOME TAX CHARGE

No deferred tax assets were recorded with regard to losses of the Company in a total amount of € 19 million at June 30 2012 (€ 21 million and € 20 million at December 31 2011 and at June 30, 2011).

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

During the six month period ended June 30 2012, the Group spent approximately € 707 thousand on capital expenditures (mainly for renovations and equipment).

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA

In August 2011, due to ongoing losses, the Group's management decided to dispose its controlling interest in the operating segment in Romania.

As a result, in January, 2012 Tempotest (QLI's subsidiary and the parent company of Queen Investments) signed an agreement with an unrelated investor. for the issuance of newly issued shares to the investor (representing a 51% controlling interest in Queen Investments) for a total consideration of € 700 thousand of which € 400 thousand have yet not been paid (see below).

The transaction has been accounted for as a disposal of the operating segment in Romania effective January 1 2012 (due to the immaterial effect of the operating segment in Romania on the Group's results of operations during the three month period ended 31 March).

The investment carrying amount in the Group's consolidated financial statements as at June 30 2012 is zero.

(1) The results of the discontinued operation for the relevant periods were as follows:

	3 months ended June 30		6 months ended June 30		Year ended December 31,
	2012	**2011**	**2012**	**2011**	**2011**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Revenues	-	3,810	-	6,832	10,718
Operating costs	-	(4,182)	-	(8,248)	(14,097)
Finance costs, net	-	27	-	(37)	216
Other expenses	-	(300)	-	(322)	(*)(2,141)
Loss before tax	-	(645)	-	(1,775)	(5,304)
Income tax	-	(226)	-	(572)	(750)
Loss for the period	-	(871)	-	(2,347)	(6,054)
Loss on disposal of operations in Romania	-	-	(3,597)	-	-
	-	(871)	(3,597)	(2,347)	(6,054)

(*) Including impairment in the amount of € 1,662 thousand related to the discontinued operation.

(in thousands of € unless otherwise stated)

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA (CONT.)

(2) The cashflows of the discontinued operation for the relevant periods were as follows:

	3 months ended June 30,		6 months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
	Unaudited	Unaudited	Unaudited	Unaudited	
Net cash used in operating activities	-	(80)	-	(1,273)	(2,827)
Net cash from (used in) investing activities	-	-	-	(39)	(57)
Net cash used in financing activities	-	-	-	-	-

(3) Translation differences from discontinued operation for the relevant periods were as follows:

	3 months ended June 30,		6 months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
	unaudited	unaudited	unaudited	unaudited	
Change during the period	-	(57)	-	128	176
Accumulated translation differences from disposal of operations in Romania	-	-	3,581	-	-

(4) The balance of the discontinued operation was as followed:

	December 31, 2011
Non-current assets	
Intangible assets	66
Property, plant and equipment (net of impairment in the amount of 1,662)	573
Investment property	201
Other long term receivables	188
Total non-current assets	1,028
Current assets	
Inventories	184
Trade and other receivables	713
Cash and cash equivalents	586
Total current assets	1,483
Total assets	2,511
Current liabilities	
Accounts payable	(803)
Current tax liabilities	(265)
Other current liabilities	(1,406)
Total current liabilities	(2,474)

(in thousands of € unless otherwise stated)

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA (CONT.)

(4) The balance of the discontinued operation was as followed: (cont.)

Non-current liabilities	
Deferred tax	(121)
Provision for retirement benefits	(31)
Total non-current liabilities	(152)
Total liabilities	(2,626)
Net assets (liabilities) disposed of	(115)
Consideration received, net	(192)
Transfer to profit and loss of translation reserve	3,581
Disposal of minority interest	323
Loss on disposal	3,597

On 4 April, 2012 Queen Investments was notified by the Romanian Gambling Commission that its license to operate the casino has been cancelled and the casino has been shut down due to a debt to the Romanian tax authorities. The Company, together with its Romanian legal counsel, has appealed the foregoing decision of the Gambling Commission.

On 5 April 2012 the Romanian court ordered to reopen the casino until June 2012, when a hearing on this matter was to be conducted. Immediately foregoing the order, the casino was reopened to the public.

On 27 April 2012 the Company was informed by Queen Investments of the shutdown of the casino until further notice. To the Company’s best knowledge, the shutdown of the casino was due to economic and cash flow reasons. The Company’s management estimates that the shutdown will not have a material effect on the Group’s financial results.

On 3 May, 2012 the Company received a notice from the investor stating that he has no intention to transfer the additional 400,000 Euro he had to pay according to the agreement with him and that he has a number of doubts regarding the transaction.

On 24 May 2012, the Romanian court authorized a solvency procedure for Queen Investments and appointed a special court appointed manager in order to convene a creditors meeting and to corporate of all the company's assets. An additional hearing was set for 18 October, 2012 in order for the special manager to determine whether to continue the solvency process or to begin dismantling the company.

NOTE 7 - INVESTMENT IN AN ASSOCIATED COMPANY

Up until and including the Company's 2011 financial statements, the financial information of CHL was proportionally consolidated in the Company's consolidated financial information in accordance with IAS 31 – Interests in Joint Ventures,based on the joint control the Company has in Vasanta and the direct and indirect control of Vasanta in a chain of companies, ultimately controlling CHL.

During the first quarter of 2012, due to changes made in CHL's BOD without the ability of PBS and the Company to object and to which PBS and the Company were not a part, the Company is of the opinion that PBS has lost control in CHL (resulting the lost by the Company of the indirectly joint control in CHL). As result, and since March 31 2012 PBS holding in CHL (and indirectly also the Company's holding in CHL) is accounted for under the Equity Method as prescribed in IAS 28 – Investments in Associates commencing on March 31, 2012.

(in thousands of € unless otherwise stated)

NOTE 7 - INVESTMENT IN AN ASSOCIATED COMPANY

The Company's consolidated statements of comprehensive income (loss) include the results of operations of CHL under the proportionate consolidation method only for the three months ended 31 March, 2012.

As part of the transaction, the group recorded the use of 5,729 thousand Euro in investing activities in its cash flow statements, equivalent to 50 percent of CHL's cash and cash equivalents at the date of the transaction.

(1) The balance of the associated company at the date of loss of control was as follows:

	As at 31 March 2 0 1 2 unaudited
Non-current assets	
Intangible assets	4,080
Property, plant and equipment	126,650
Deferred tax asset	5,768
Other long term receivables	2,561
Total non-current assets	**139,059**
Current assets	
Inventories	486
Trade and other receivables	3,157
Cash and cash equivalents	11,458
Total current assets	**15,101**
Total assets	**154,160**
Current liabilities	
Accounts payable	(4,981)
Current tax liabilities	(1,563)
Other current liabilities	(29,641)
Bank overdraft and loans	(37,000)
Total current liabilities	**(73,185)**
Non-current liabilities	
Other long-term liabilities	(6,035)
Deferred tax	(1,680)
Provision for retirement benefits	(10,696)
Total non-current liabilities	**(18,411)**
Total equity	**62,564**

(2) The profit on disposal of the subsidiary was as follows:

Net assets disposed of	(31,282)
Disposal of surplus on investment	(3,836)
Investment in associate acquired	69,342
Transfer to profit and loss of translation reserve	(7,526)
Disposal of minority interest	6,882
Loss on disposal	33,580

(in thousands of € unless otherwise stated)

NOTE 8 - SEGMENT INFORMATION

The Group adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group consolidates its business segments into one reporting segment based on the provisions of IFRS 8.

Geographical information:

The carrying amounts of non-current assets (fixed assets, investment property and intangible assets) in the Company's country of domicile (Israel) and in foreign countries based on the location of the assets are as follows:

	June 30		December 31
	2012	2011	2011
	unaudited		
Israel	955	1,135	1,056
Greece	21,764	81,665	79,519
Romania	-	2,852	-
Serbia	-	18,221	16,505
Cambodia	14,329	12,318	14,215
Czech Republic	4,559	6,275	5,272
	41,607	122,466	116,567

Revenues reported in the financial statements which derive from the Company's country of domicile (Israel) and foreign countries based on the location of the revenues, are as follows:

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2012	2011	2012	2011	2011
	unaudited		unaudited		
Israel	42	56	84	108	170
Greece	3,266	15,887	16,414	32,955	66,021
Serbia	-	1,145	978	2,400	4,414
Cambodia	431	-	448	-	-
Czech Republic	1,203	1,041	2,345	2,108	4,702
Other foreign countries	10	62	16	69	15
	4,952	18,191	20,285	37,640	75,322

NOTE 9 - OTHER INFORMATION

1. The Company encountered certain disagreements with the co-shareholder of 50% in Vasanta ("B.A.T"). Such disagreements resulted in, inter alia, the frequent and lengthy convening of shareholders meetings and board meetings of the companies directly and indirectly controlled by Vasanta, as well as the non performance of various resolutions adopted at such meetings and disagreements as to the substance and interpretation of various resolutions adopted at such meetings (some of which affect the decision making process at CHL See also note 7).

   The above mentioned disagreements were reflected in, among other ways, various legal proceedings initiated by each of the parties, which may affect the structure of the boards of directors of some of the companies directly and indirectly controlled by Vasanta, the decision making process at such boards of directors, the flow of information to the shareholders of the companies and the distribution of dividends by such companies to their respective shareholders.

NOTE 9 - OTHER INFORMATION (CONT.)

The said have resulted in several legal proceedings served against the Company as well as proceedings initiated by the Company against B.A.T and (to the best knowledge of the Company), B.A.T's ultimate controlling shareholder, Mr. Moshe Bublil, and other disputes such as:

(a) A dispute related to the amendment of the article of association of CHL upon which all board resolutions passed by simple majority and according to the Company was improperly adopted.
(b) A dispute as to the presence of Vasanta`s representative in the board of directors of PBS. The Company believes that this resolution was never duly passed.

The main changes regarding the dispute with the co-shareholder in Vasanta are as follows:

CHL's Board of Directors ("BOD") is comprised of 5 directors of which PBS (a company formed in Spain that holds 78% of the share capital of CHL) is entitled to nominate 4 and one is nominated by CHL's other shareholders. To the best of the Company's knowledge, beginning March 2012, 3 out of the 5 directors in CHL act, directly or indirectly, on behalf of Mr. Moshe Bublil. Since then, there has been an adverse effect on the Company's ability to obtain on-going information and financial data from CHL's management.

To the Company's best knowledge, decisions and discussions regarding major events are raised at CHL's BOD at the time such events occur and the director that through PBS acts on behalf of the Company, is invited and attends all BOD meetings so that all issues on the agenda of these BOD meetings are known to the Company. At the date of the approval of these interim financial statements, the Company evaluates that there is no material data or information that is yet un-known to the Company or that the Company has not yet received and which needs to be disclosed to the public, regarding CHL's activities.

For additional information, see note 33 to the Group's 2011 Financial Statements.

2. On January 31, 2010 the Company, QLI Management and Mr. Zilkha, the controlling shareholder of the Company and the representative of QLI Management in its capacity as a director of Agastia, a company indirectly controlled by Vasanta ("Agastia") were served with a motion to approve a derivative claim, along with a copy of the derivative claim, to be filed by Agastia, filed with the Tel Aviv District Court by B.A.T.

   The remedies requested in the claim include declaratory remedies and a US$ 53.5 million monetary remedy. The claim relates to the acquisition of land in Cambodia. B.A.T claims that the Company took advantage of a business opportunity that was intended to be offered to Agastia and that the Company did not reveal to Agastia that it had received an offer to purchase an asset held by it in Cambodia, and therefore is seeking a monetary remedy that will reflect the damages that have allegedly been incurred by Agastia.

   The Company rejects the forgoing claims and filed an opposition on March 21, 2010, stating that the claim has no legal ground due to various reasons including: (1) the Company and Mr. Zilkha have operated in the gaming industry many years prior to their joint holding of Agastia; (2) the Company and Mr. Zilkha have operated casinos other than through Agastia; and (3) there are no restrictions on competition between the Company, Mr. Zilkha and Agastia.

   As for B.A.T.'s additional claim, the Company stated that it had received no such purchase offer.
   According to the Company's legal counsels' opinion, due to the strength of the Company's arguments, the likelihood of an unfavourable outcome against the Company is less than 50%.

   On 7 July, 2012 the sides agreed to unite this case with three other similar cases.

NOTE 9 - OTHER INFORMATION (CONT.)

3. On 8 April 2012 the motion to unite six claims relating to the dispute between the Company, on the one hand, and Mr. Moshe Bublil, Club Hotel Investments (C.H.) Ltd. and other third parties, on the other hand, was rejected by the Israeli Supreme Court, in light of the timing of the motion and the fact that two of the six underlying claims are in advanced stages. Nevertheless, the Supreme Court noted that it does not deny the possibility that, following resolution in the claims that are currently in their final stages, there may be good reason to unite the procedures relating to the other claims. On 17 July 2012, the parties to four of these claims agreed to file a request to unite their claims.

4. CHL incurred a net loss of €17.4 million during the period ended June 30, 2012, and as of that date, CHL's current liabilities exceeded its current assets by €60.6 million (of which € 37 million are unsecured credit to Bank Piraeus, which can be called up at any time by the bank).

   CHL’s management does not expect that existing cash reserves together with cash generated from the operations will be sufficient to repay the total credit facility if it is called up.

   As to the best of the Company's knowledge, CHL’s management believes that the ongoing negotiations with Piraeus Bank regarding this credit facility will have a positive outcome in terms of a prolonged schedule of repayment. Furthermore, CHL’s management continues its efforts towards severe cost cutting in 2012. In addition, CHL has unsecured assets which can be used to secure future debt financing, if needed.

   Accordingly, the financial information of CHL, has been prepared assuming that the CHL will continue as a going concern and does not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result should CHL be unable to continue as a going concern.

   The information with respect to CHL contributes a significant portion to the Group's consolidated financial information. However, the Group has other activities.

   In addition, the Company is not obligated to provide a capital injection to CHL, or to cover its liabilities and to the best of the Company’s knowledge, PBS's current cash position is approximately € 8.4 million.

5. On 1 June, 2012, the Company filed a lawsuit in Greece against CHL to determine that CHL is committed to transfer its financial information according to IFRS standards in a timely manner when due, at the Company's request and without charging a fee for the preparation of such financial statements. The Company also asked the court to determine that CHL immediately return to the Company all payments in respect of audits of its financial statements which the Company previously paid under protest and lack of choice. A hearing was set for March 26, 2015.

   On 19 June 2012 the Company filed a lawsuit against Vasanta and Dasharta requiring for their consolidated financial statements to be provided in a timely manner when due. The hearing was scheduled for 12 November 2012.

6. On 20 April 2012, the Company received a Tender Offer from Y.Z. Queenco to purchase from Company's shareholders, all of the issued and outstanding share capital of the Company not already held by the Y.Z. Queenco or its wholly owned subsidiary Shahar Hamillenium Limited, in a total of 128,453,574 shares, representing approximately 36.3 per cent., in exchange for newly issued Ordinary Shares in Y.Z. Queenco which is listed on the Tel Aviv Stock Exchange.

   The consideration offered by Y.Z. Queenco for the tendered Company shares were Y.Z. Queenco shares in an amount representing 95% of the holding percentage in the issued and outstanding share capital of the Company immediately prior to the consummation of the tender offer.

   On 22 May 2012, Y.Z. Queenco informed the Company that the period for tendering shares and GDRs pursuant to the terms of the tender offer has expired without the conditions for completion of the tender offer being met, and that as a result the tender offer is cancelled.

NOTE 9 - OTHER INFORMATION (CONT.)

7. During May 2012, employees of CHL went on strike on a number of different occasions and for 24 hours each time. To the best of the Company's knowledge, the strikes were made by the employees as part of the process of discussions of a collective labour agreement for the year 2012. During June, 2012 the collective labour agreement between the union of employees and CHL was signed.

8. The Company filed a declatory claim at the commercial court of Barcelona against a member of PBS's board of directors, stating that the defendant overreached the powers granted to him in the representation of PBS at the shareholders meeting of CHL on November 3, 2011. To date, a judgment on these proceeding has not yet been handed down. In addition, the Company filed an additional declatory claim against PBS to declare unenforceable, on the grounds of nullity and void ability, all the resolutions adopted by the board of directors of PBS in its meeting of April 12, 2011. The claim was dismissed in December 2011 and was appealed on January 25, 2012. To date, the Appeal Court has not yet resolved on the appeal.

9. During the period, the Company incurred an impairment loss of app. € 0.6 million regarding land held as fixed assets in Loutraki.

10. On 27 August 2012 the Company announced, that the sale of the jet by a subsidiary of the Company, will not be consummated by August 31, 2012. Although the offer from the intended purchaser has not yet expired, the selling subsidiary is currently unable to estimate if and when the intended purchaser shall consummate the sale; and therefore, it has notified the intended purchaser that it is no longer exclusively obligated toward him and that the jet is offered again for sale.

11. On August 29, 2012, Queenco Leisure International Ltd. ("QLI") entered into a binding memorandum of understanding ("MOU") with an unrelated third party (the "Investor"), for the investment in QLI's operations in Prague, which includes a restaurant named SASAZU and a club (the "Joint Operations"). Pursuant to the MOU:

    1) The investor undertakes to transfer to the Joint Operations, until June 30, 2013, Euro 1,500,000 (the "Fixed Consideration"), of which Euro 150,000 shall be transferred within 14 days from the date of the MOU's execution, and Euro 350,000 shall be transferred by December 31, 2012. Upon completion of the transfer of the Fixed Consideration, the Investor shall be issued 50% of the issued and paid-for share capital of the Joint Operations;

    2) In addition to the Fixed Consideration, the Investor shall transfer to QLI, to the extent QLI shall be entitled thereto, additional amounts, which shall be calculated based on four times the average of the annual EBITDA of the joint Operations for the period commencing on June 30, 2012 and ending on June 30, 2015 (the 3 years EBITDA average times four), all in accordance with the mechanism set forth in the MOU;

    3) Within 60 days from the date of the MOU's execution, the parties shall execute a definitive agreement, which shall fully set forth the understanding between the parties;

    4) QLI is entitled, at its sole discretion and for any reason whatsoever, to terminate the MOU and/or the definitive agreement to be executed there under, until December 31, 2012, in which case the Investor shall be entitled to a full refund of its investment;

    5) The definitive agreement shall include provisions for the management of the Joint Operations and a bring along, tag along and BMBY mechanisms;